

1 FLORIDA DEPARTMENT OF REVENUE
2 PUBLIC WORKSHOP
3 Business: Proposed Rule 12D-8.0082, F.A.C., Establishment
4 of Market Areas; Market Area Codes

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11 R.A. GRAY BUILDING

12 AUDITORIUM

13 500 SOUTH BRONOUGH STREET

14 TALLAHASSEE, FLORIDA

15 June 26, 2002

16 1:30 p.m.

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22 Reported by:

23 MARLO D. FARNSWORTH

24 Certified Shorthand Reporter

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1 DEPARTMENT DESIGNEES:

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3 AL MOBLEY, MAI, CCIM, CAE, AAS

4 STEPHEN J. KELLER, CHIEF PROPERTY TAX ADMINISTRATION

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1 P R O C E E D I N G S

2 MR. KELLER: Good afternoon. Once again, I would
3 like to ask everyone to sign in on the sign-in sheet
4 whether or not you're going to be speaking. Also, for
5 the benefit of the court reporter, if you're going to
6 speak to the document here, we'd like you to come up to
7 the front so the court reporter can transcribe your
8 statements.

9 MR. MOBLEY: We'll go ahead and get started now.
10 Good afternoon. Today is Wednesday, June 26th, 2002,
11 and I'd like to welcome everyone to today's public
12 workshop on the discussion paper on market areas dated
13 June 12th, 2002. My name is Al Mobley, Revenue Program
14 Administrator with the Department of Revenue.
15 Mr. Steve Keller and I will be the co-moderators for
16 today's public workshop.

17 At this time, I would ask the other members of the
18 Department of Revenue in attendance to introduce
19 themselves. Beginning with Terry, please state your
20 name and position with the Department.

21 MR. PHILLIPS: Terry Phillips, Senior Appraiser
22 with the Department.

23 MR. BEGGS: David Beggs, I'm a research economist.

24 MS. GALLOPS: Sharon Gallops, Tax Law Specialist.

25 MS. KEMP: Claudia Kemp, attorney.

1 MR. KELLER: This is a public workshop noticed
2 consistent with Subsection 120.54(2), Florida Statutes,
3 held for the purpose of receiving comments from
4 interested parties regarding potential improvements to
5 the current discussion draft of the market area
6 guidelines. This -- there will be another public
7 workshop on this draft -- and the draft is dated
8 June 12th, 2002. There will be another public workshop
9 on this draft on July 9th, 2002 in Orlando, Florida.

10 These public workshops are being held on different
11 dates and different locations in order to maximize
12 opportunities for public input from Florida
13 stakeholders. We felt it was important to have this
14 workshop this afternoon since many of the interested
15 parties were here this morning for the workshop on the
16 real property guidelines, and there is a connection or
17 linkage between the market area guidelines and the real
18 property guidelines to some degree. This public
19 workshop was noticed in the June 7th, 2002, Florida
20 Administrative Weekly.

21 MR. MOBLEY: The format for this workshop is
22 informal, and the following procedure will be used for
23 receiving your verbal comments today. I'd like to
24 offer a correction. This is not a draft of market area
25 guidelines. This is a discussion paper on market areas

1 which was developed with the specific intent to open a
2 number of questions that have arisen over the past
3 couple of years and to allow everyone an opportunity to
4 address the specific questions that are presented here
5 as well as any other information that anyone feels is
6 pertinent. We will go through the document. I believe
7 there's 11 pages to the document, there are line
8 numbers. We will go through it in sections or by
9 paragraphs and briefly discuss what the content is, and
10 then we will receive public comment on those issues.

11 Once again, we are here today to receive public
12 comment on the market area discussion paper, and
13 therefore, DOR staff will keep their discussion to a
14 minimum to allow maximum opportunities for input from
15 the interested parties in attendance today. Each time
16 you step up to make comments, please begin by stating
17 your name and the organization or office you represent.

18 In that regard, if you have not already signed the
19 sign-in sheet provided at the front of the room, please
20 do so now.

21 Does everyone here have a copy of the discussion
22 paper on market areas? Does everyone have a copy of
23 this? Are there any questions regarding the procedure
24 that we're going to use today for this workshop?

25 MR. KELLER: Before we go beyond this point, I'd

1 like to throw out an offer to the members of the
2 audience since we don't have that many people here in
3 attendance. If there's a general consensus in the
4 audience, we're willing to roll up our sleeves and get
5 some more chairs at this table and invite you all up to
6 help, of course, on the record with the court reporter,
7 prepare this into a draft or prepare text, insert text
8 into this document, and we can take a brief break to
9 get more chairs if that's the general consensus in the
10 audience.

11 That offer will stand as we go through this, but
12 we'll continue to go through the discussion paper. If
13 we get into an area where you feel we want to get into
14 detail and substance, we can take a break and get more
15 chairs and bring as many people onto the stage as can
16 fit, which I believe will be everybody in the room.
17 Thank you.

18 MR. MOBLEY: Please to turn to page 1 of the
19 discussion paper on market areas. At the top of each
20 page is a short paragraph describing where we are in
21 the guideline development process currently and what
22 the discussion paper represents and what it does not
23 represent, and I will read from that, and I quote:
24 "Market areas and geographic stratification are
25 evolving issues in the State of Florida. This

1 discussion paper is not a draft of market area
2 guidelines. The Department has not yet developed a
3 draft of market area guidelines. The information
4 presented in this discussion paper is for education and
5 discussion only, and does not necessarily comprise
6 Department of Revenue policy or direction. The
7 information in this discussion paper is not complete or
8 final. Interested parties are encouraged to stay
9 abreast of these issue as they evolve."

10 Are there any questions on that?

11 Okay. I'm starting down on line 5 on page 1,
12 "Purposes of This Public Workshop." Number one, "To
13 receive public input on the issue of market areas in
14 Florida counties as mentioned in Section 193.114(2(a),
15 Florida Statutes." And number two, "Receive ideas from
16 Florida stakeholders for further research and
17 development on this subject."

18 Relevant questions, number one, "What is
19 geographic stratification, why is it important, and how
20 should it be used?" Number two, "What guidance on
21 geographic stratification already exists?" Number
22 three, "How should geographic stratification be applied
23 to different property types?" Number four, "What are
24 some considerations and tools for implementing
25 geographic stratification?"

1 Moving down to line 16: "What is geographic
2 stratification? Geographic stratification means to
3 divide all real property parcels within a Florida
4 county into groups or strata based on geographic
5 influences, and to apply a specific geographic coding
6 to each such group or stratum. Common terms used to
7 describe these geographic influences are 'market
8 areas,' 'submarket areas,' 'neighborhoods,' and
9 'corridors,' which may be referred to collectively as
10 'geographic units.'"

11 Line 22, "Why is geographic stratification
12 important? Florida property appraisers are required by
13 state law to have market areas listed for each parcel
14 on assessment rolls. The DOR is currently in the
15 process of researching and developing market area
16 guidelines for property appraisers. The following
17 excerpt from the DOR action plan dated December 4th,
18 2001, describes the legal intent of these market area
19 guidelines.

20 "The market area guidelines, which the Department
21 will be developing following the steps and time line
22 identified in this plan, are intended by statute to be
23 directory in their application. However, unlike the
24 real property guidelines, which do not have the force
25 or effect of a rule and may be used by the property

1 appraiser as a discretionary tool to establish just
2 value, the market area guidelines are subject to
3 Chapter 120 and are required to be rules. The
4 authority is found in Section 193.114(2(a), Florida
5 Statutes, which requires the Department to promulgate
6 regulations and forms for the preparation of the real
7 property assessment roll to include market area codes
8 established according to Department guidelines."

9 MR. KELLER: Can I say something there?

10 MR. MOBLEY: Yes.

11 MR. KELLER: When you go back to page 1, line 29,
12 where it says, "The market area guidelines are intended
13 to be directory," that means they are, in fact,
14 guidelines and are not mandatory, as opposed to being
15 directory. Directory means something less than
16 mandatory, which would be in the nature of a guideline.

17 MR. MOBLEY: Are there any public comments that
18 anyone would like to make on what we've covered so far?

19 MS. VANN: Question.

20 MR. MOBLEY: Yes. Could you please state your
21 name and identify yourself for the record?

22 MS. VANN: It's not that kind of question. Jan
23 Vann, Santa Rosa County. Steve, do you have a copy of
24 Statute 193.114(2(a) that you could read to us?

25 MR. KELLER: Yes. Okay. The title of 193.114 is

1 "Preparation of Assessment Rolls." (2) says, "The
2 Department shall promulgate regulations and forms for
3 the preparation of the real property assessment roll to
4 reflect," and then (a) says, "a brief description of
5 the property for purposes of location, and effective
6 January 1st, 1996, a market area code established
7 according to Department guidelines. However, if a
8 property appraiser uses a neighborhood code beginning
9 in 1994, the property appraiser shall provide the
10 neighborhood code to the Department."

11 MS. VANN: Does it say we can provide a
12 neighborhood code to replace the market area code?

13 MR. KELLER: I think it's calling for both. In
14 the event that you have neighborhood codes, you would
15 be required to provide the neighborhood codes beginning
16 in '94. If you don't have neighborhood codes, then you
17 would not have to submit the neighborhood codes.
18 However, the market area code is supposed to be
19 submitted.

20 MS. VANN: Thank you.

21 MR. MOBLEY: Are there any further public comments
22 on what we've covered so far?

23 Okay. Continuing with line 7 on page 2, a
24 question: "How may geographic stratification be used
25 in mass appraisal? The uses of geographic

1 stratification in mass appraisal may include the
2 following: Number one, to create modeling areas,
3 independent locational variables, or analysis units for
4 use in computer-assisted mass appraisal applications;
5 number two, to create specific property groups for
6 quality assurance processes such as sale ratio studies
7 and evaluating assessment performance for unsold
8 properties; number three, to provide a criterion for
9 appraisal research, and number four, to serve as a work
10 allocation tool for field operations."

11 Does anyone have any public comments on lines 7
12 through 18 on page 2?

13 MR. KELLER: Can I just comment that if you look
14 back at the first four questions there on page 1, lines
15 11 through 14, you have sketched out answers to some of
16 those questions in the additional text that we just
17 went through. So even though this is stated that this
18 is not a draft, you do see some of the answers in some
19 of the statements beginning to emerge in this document.

20 MR. MOBLEY: Continuing on line 22 on page 2,
21 "Information from the Department of Revenue." Question
22 on line 24: "What is the Florida Department of Revenue
23 currently doing on this subject? The DOR is currently
24 in the process of researching and developing market
25 area guidelines and will be holding public workshops on

1 this discussion paper on market areas on June 26th,
2 2002, in Tallahassee, and on July 9th, 2002, in
3 Orlando. The DOR action plan, dated September 4th,
4 2001, has a section devoted to the current and future
5 activities on the issue of market areas. The four
6 action steps quoted below appear under the heading
7 April 2002 to December 2003 in the DOR action plan."

8 I'm now at the top of page 3, line 1: "Prior to
9 the design of the in-depth study for 2004, the
10 Department will develop a methodology based on a sample
11 of sales within market areas that could be used as the
12 basis for a representative study. The Department will
13 identify a few in-depth counties that have a
14 sufficiently large number of sales and that are
15 currently making use of market areas. The Department
16 will test the use of market areas in tax roll analysis
17 in these counties."

18 Line 7: "April 2002 to June 2003, publicly notice
19 and conduct workshops to review the draft market area
20 guidelines and gather input from the general public and
21 interested parties. It is anticipated that interested
22 members of the Property Tax Administration Task Force
23 will attend these meetings. Draft guidelines will be
24 revised and amended as required based on input from
25 these workshops.

1 "November 2003, publicly notice and present
2 guidelines for public hearing and adoption by the
3 Florida Cabinet.

4 "December 15th, 2003" -- correction,
5 "December 2003, certify guidelines to the Secretary of
6 State. This will complete the incorporation of the
7 guidelines into the Administrative Code and the Manual
8 of Instructions."

9 Would anyone like to make any public comments on
10 the information we've just covered from line 22 on page
11 2 through line 16 on page 3?

12 Okay. There being no public comment, we will
13 continue on beginning with line 18 on page 3: "The
14 following information has been provided to Florida
15 property appraisers in the past as part of the DOR's
16 aid and assistance. This information was provided to
17 the DOR by a consultant."

18 Continuing on line 21: "Market areas are large
19 geographic areas subject to similar economic
20 influences. Typically, they constitute part of a
21 medium or large city, an entire small city or town, or
22 rural area that may contain several small but
23 economically similar towns. Subareas are subdivisions
24 of market areas. They are similar in concept to
25 neighborhoods and may, in fact, be one in the same,

1 although some counties may distinguish between them.

2 "Because property values are highly dependent on
3 location, market, and subarea or neighborhood codes
4 must be computerized to be available for market
5 analyses, sale ratio studies, comparable sale programs,
6 and other analyses.

7 "Counties with this feature will have a map
8 depicting market and subarea or neighborhood codes."

9 I'm now at the top of page 4: "Computer files
10 will also contain the codes, which can be verified by
11 examining sample records on computer terminals or
12 inspecting selected reports.

13 "Superior systems will generally conform to
14 department guidelines for market areas and subareas.
15 As a general rule, market areas should have 1,000 to
16 25,000 parcels, and subareas should have 100 to 1,000
17 parcels. Rarely should the numbers fall below 550,
18 respectively. Also, there will be no overlap or
19 confusion between subareas or neighborhoods. Either
20 they will be one and the same, or neighborhoods will be
21 divisions of subareas. An example of the latter is a
22 market/neighborhood" -- correction -- "is a
23 market/subarea/neighborhood number coded 9999.99, where
24 the first two digits indicate the market area, and the
25 second two the subarea, and the third two an optional

1 neighborhood or subdivision.

2 "The point of the statutory requirement to
3 establish and report market areas is that they can be
4 used to analyze and maintain tax rolls by affecting
5 large numbers of properties in similar geographic areas
6 which have similar reactions to economic stimuli."

7 Would anyone like to make public comments on what
8 we've just covered, which began with line 18 on page 3
9 and ending on line 14 on page 4?

10 MR. SCHULTZ: Hi, Ron Schultz, Citrus County. A
11 question. We do have residential properties divided up
12 into five market areas within Citrus County, but we
13 treat every condominium with more than 15 units as a
14 separate market area since condominiums are essentially
15 isolated universes whose market influences don't go
16 outside the condominium itself. Would that be
17 contradictory to what you're saying?

18 MR. MOBLEY: No. At this time what we're doing is
19 presenting the information that is available, and then
20 we're going to end up with a bunch of questions. And
21 what we're saying right now is we want to hear what
22 people are doing, what they think is successful. If
23 that's your recommendation --

24 MR. SCHULTZ: We're modeling at the individual
25 condominium level. So is Pinellas County. I believe

1 they go down to as low as ten units per condo and treat
2 them as a separate mass appraisal model.

3 MR. MOBLEY: And that's a recommendation that you
4 would like?

5 MR. SCHULTZ: And I would suggest that you keep
6 the wording so that we are comfortable doing that.

7 MR. MOBLEY: Okay. So your recommendation would
8 be to address market areas differently depending on the
9 property type involved?

10 MR. SCHULTZ: Condominiums and villas being one of
11 those situations that is -- does not fit in the general
12 single-family home categorization for market areas.

13 MR. MOBLEY: Okay. Thank you. Any comments,
14 Steve?

15 MR. KELLER: No.

16 MR. MOBLEY: Thank you for that. Does anyone else
17 have any recommendations or comments on what we've just
18 covered?

19 MS. VANN: Can you tell us the name of the
20 consultant?

21 MR. MOBLEY: Bob Gloudemans. He wrote the
22 textbook on -- the IAAO textbook on mass appraisal of
23 real property, and he's been a consultant to the
24 Department on various issues through the years, as well
25 as to -- he consults -- I know that he consults all

1 over the country for different jurisdictions and
2 states.

3 MR. SCHULTZ: Following up on that, the difficulty
4 being if you read his latest article on the appraisal
5 of condominiums in The Appraisal Journal last year, he
6 did an entire jurisdiction in a single model with the
7 attempt to come up -- using regression with an attempt
8 to come up with a factor to differentiate one condo
9 complex for another, and it was a very poor set of
10 numbers, and the methodology that he used there should
11 not be advocated in Florida. That's what she was very
12 nicely trying to say.

13 MR. MOBLEY: Thank you for the interpretation.

14 Yes, sir. Please state your name and who you
15 represent.

16 MR. LEVY: Larry Levy, Property Appraisers
17 Association of Florida. You were talking about the
18 condo. I think the question that Ron raised is over on
19 page 8. Isn't that where you're talking about, where
20 you're talking about should geographic stratification
21 for single-family homes be developed differently than
22 that for condo? That's one of the matters that's going
23 to be considered, I understand.

24 MR. MOBLEY: Sure, yes, exactly. We'll get into a
25 lot of specific questions as we go through to ensure

1 that we cover as much as we can today. Does anyone
2 else have any comments on what we've just covered?

3 Okay. There being no additional comment, we will
4 continue. Beginning on line 16 on page 4: "Presented
5 below is information from a draft document written
6 previously by a DOR consultant." The consultant that
7 wrote this was Bob Loudimans also. It's an internal
8 document written some time ago.

9 Beginning on line 18: "Market areas can be
10 defined as large geographic areas subject to similar
11 economic forces and value trends. They constitute a
12 logical basis for a number of mass appraisal
13 applications, including land valuation, income and time
14 trend analysis, multiple regression models, and sale
15 ratio studies. They could also be used to divide work
16 effort and organize field reviews. In general, market
17 areas should include at least several thousand parcels.
18 In larger counties, five to fifteen thousand is ideal.
19 Boundaries should be drawn along rivers, other natural
20 boundaries, or major streets. In smaller counties,
21 market areas can be groups of similar towns or rural
22 areas.

23 "Market areas are typically comprised of
24 neighborhoods or subareas used to select comparable
25 sales, determine land value rates, and serve as

1 variables in mass appraisal models. Subareas should
2 generally include several hundred residential parcels
3 (fifty is the minimum number). Homes in a subarea are
4 often similar in terms of size, construction quality,
5 architectural style, and age, however, the primary
6 consideration is similarity in terms of land value
7 (aside from variations due to size, view, traffic, and
8 other parcel-specific features). If a potential
9 purchaser would consider buying in either of two
10 adjacent subdivisions, they should generally be
11 assigned to the same subarea. The Department will
12 utilize subareas in conducting market analyses and
13 appraisal for the in-depth studies."

14 I would just add a cautionary note there. This
15 was a draft document written at some point in the past
16 and it -- this is not a specific plan as far as what
17 the Department will or will not do in utilizing market
18 areas or subareas in the role of valuation process.
19 That is to be determined after the culmination of
20 the --

21 MS. VANN: Are you saying we should strike that?

22 MR. MOBLEY: Say again.

23 MS. VANN: Are you saying we should strike that?

24 MR. MOBLEY: Yes.

25 Continuing on line 4: "Parcels in a market or

1 subarea are usually geographically contiguous, but
2 noncontiguous areas can be combined to achieve adequate
3 size. A market area in a rural county could include
4 several noncontiguous but similar towns (each town
5 could constitute a separate subarea).

6 "The Department has designated space on NAL files
7 for market and subarea codes. These codes will be two
8 digits each, although two additional digits will be
9 provided for subarea modifiers. Thus, a subarea may
10 contain up to four digits with the first two used to
11 define the subarea itself and the latter two to append
12 an optional subdivision or other identifier. However,
13 the Department requires only the first two digits on
14 NAL files.

15 "As suggested above, in addition to their role in
16 the Department's in-depth studies, counties can and
17 should use market areas and subareas to enhance their
18 own market analyses, appraisal, and quality control
19 programs."

20 At this time, does anyone have any public comment
21 on what we've just covered beginning on page 16 -- I'm
22 sorry, correction -- line 16 page 4 through line 16
23 page 5?

24 MR. SCHULTZ: If the Department is going to limit
25 its reading of the first two digits to limit markets to

1 99 per county, that will be insufficient in those
2 counties that treat condominiums individually as market
3 areas. They will need all four digits.

4 MR. MOBLEY: Thank you. Is there any additional
5 comment?

6 MS. VANN: Just as a clean-up on page 1 where you
7 talk about -- let me give you the line number -- talk
8 about geographical -- line 11. It's based on
9 geographic influences. Everywhere else in here you're
10 saying economic influences, and that's the only place
11 where it's described as geographic influences. And
12 even further down it says, "These geographic influences
13 are market areas." So I think it should at least be
14 consistent with that.

15 MR. MOBLEY: Okay. Would that be line 17 on page
16 1?

17 MS. VANN: Yes.

18 MR. KELLER: It's also on line, I think, 19.

19 MR. MOBLEY: Okay, great. Thank you. Are there
20 any other comments on anything we've covered so far?

21 Okay. Continuing with line 20 on page 5, this
22 section is entitled "Guidance for Mass Appraisal
23 Publications": "Presented below are excerpts from a
24 useful discussion on geographic stratification from a
25 mass appraisal textbook. In geographic stratification,

1 lines are drawn along city boundaries, rivers, and
2 other natural barriers, major streets, and the like to
3 reflect major differences in location. Separate models
4 are then specified for each such area.

5 "Geographic stratification is appropriate whenever
6 the value of various property attributes varies
7 significantly among areas and is particularly effective
8 when housing types and styles are relatively uniform
9 within areas. In general, boundaries should be drawn
10 between two areas when buyers would consider purchasing
11 in one area but not the other. At the same time,
12 drawing too many boundaries should be avoided.
13 Successful modeling requires adequate sales and a
14 reasonable mix of property characteristics. If areas
15 are too homogeneous, calibration techniques cannot
16 reliably estimate the effect on value of each
17 characteristic, particularly those that occur
18 infrequently.

19 "Geographic stratification usually involves two
20 layers. First are market areas (also known as economic
21 or model areas). Separate models are developed for
22 these areas, which are also used in sale ratio studies
23 and other market analyses. Second are subareas or
24 neighborhoods, which serve as variables for modeling
25 and are also used in land value tables and comparable

1 sales selection.

2 "Geographic stratification has the strong
3 advantage of being tailored to local supply and demand
4 factors that may vary substantially across a
5 jurisdiction. Thus, the sales used to calibrate a
6 given model will reflect the market influences and
7 conditions only of that area, so more accurate and
8 supportable models are produced. Nevertheless, there
9 are also potential shortcomings. First, the use of
10 multiple models might create inconsistencies when
11 adjacent properties are assigned to different model
12 areas. Careful selection of boundaries can reduce this
13 problem. Second, assigning and maintaining
14 neighborhoods and developing many models can be an
15 administrative burden. A geographic information system
16 or a good neighborhood maintenance system permits
17 neighborhood codes based on geographic coordinates,
18 book and map numbers, and so on to be assigned without
19 having to access individual parcels."

20 These excerpts were taken from page 119 of a
21 textbook published in 1999 by the International
22 Association of Assessing Officers, and entitled "Mass
23 Appraisal of Real Property."

24 At this time, are there any public comments on
25 what we've just covered?

1 Yes, sir, Mr. Schultz.

2 MR. SCHULTZ: Should the phrase "geographic
3 stratification usually involves two layers be
4 utilized," I appreciate your adding, "but three or more
5 may be appropriate." We do use three layers of
6 stratification in Citrus County.

7 MR. MOBLEY: Okay. Are you on line 7?

8 MR. SCHULTZ: I'm on line 7. Should that concept
9 -- and I realize it usually involves two, but for
10 comparables selection, we have to take it down to three
11 levels.

12 MR. MOBLEY: Okay. So you would have like a
13 market area, a submarket area, and then neighborhoods,
14 for example, something like that?

15 MR. SCHULTZ: Yes. We have a three level --

16 MR. MOBLEY: Okay.

17 MR. SCHULTZ: The modeling requires that.

18 MR. MOBLEY: Can you think of any situations where
19 you would want to use more than three layers, or do you
20 think three layers would cover the spectrum?

21 MR. SCHULTZ: My experience so far does, and it
22 becomes a question of comparable selection. You may
23 have a market area and then you have a location, a
24 submarket there, then you have the neighborhood, and
25 you want the comparables to come from the neighborhood.

1 If you have a large neighborhood, you could conceivably
2 break that down even further and say, "I want the
3 neighborhood -- the comparable to come from the same
4 block." So how many levels -- you need three. And
5 just deciding how precise you want to get in choosing
6 your comparables, you might want more.

7 MR. MOBLEY: Okay. Thank you. Does anyone else
8 have any comments they would like to make on what we've
9 just covered beginning on line 20 on page 5 and ending
10 on line 21 on page 6?

11 There being no additional comment, we will
12 continue at the top of page 7, beginning with line 2.
13 This section is entitled "Application of Geographic
14 Stratification to Different Property Types." A
15 question beginning on line 5: "Should geographic
16 stratification be different for each or some of the
17 statutory real property strata? Section 195.096(3(a),
18 Florida Statutes, requires the Department of Revenue to
19 compute statistical and analytical measures on the
20 following seven real property classes or strata when
21 the classes constituted five percent or more of the
22 total assessed value of real property in a county on
23 the previous tax roll."

24 Strata one is described as "Residential property
25 that consists of one primary living unit, including but

1 not limited to single family residences, condominiums,
2 cooperatives, and mobile homes."

3 Strata two is described as "Residential property
4 that consists of two or more primary living units."

5 Strata three is described as "Agricultural, high
6 water recharge, historic property used for commercial
7 and certain nonprofit purposes, and other use-valued
8 property."

9 Strata four is described as "Vacant lots."

10 Stratum five is described as "Nonagricultural
11 acreage and other undeveloped parcels."

12 Stratum six is described as "Improved commercial
13 and industrial property."

14 And Stratum seven is described as "Taxable,
15 institutional or governmental utility, locally assessed
16 railroad, oil, gas, and mineral land, subsurface
17 rights, and other real property."

18 Just to reiterate, going back to the question up
19 on lines 5 and 6, "Should geographic stratification be
20 different for each or some of the statutory real
21 property strata," does anyone have any public comments
22 or ideas on this question?

23 MS. VANN: Isn't the purpose of coming up with
24 market areas and subareas to uniquely define the
25 properties that may need a special assessment other

1 than a base rate for a single family? They're all the
2 same, but you've got this one market area for whatever
3 reason, and you need to adjust that.

4 Isn't the purpose of market areas and
5 neighborhoods to better define and get equity of those
6 types of properties as they're part of the whole, so
7 that if I have all my market areas and all my subarea
8 factors right, when I look at strata one, they should
9 all blend in together? So why would I then want to
10 have a strata report at the market area and the subarea
11 level? I don't understand the need for that at that
12 level.

13 MR. MOBLEY: Well, we can take that as a comment.
14 At this point, the purpose of a market area is open to
15 public comment and recommendations, and we want to
16 receive that, that's the purpose for having the
17 workshop is to cover the background information and
18 present the questions. And is that your -- is it your
19 recommendation that the answer to this question is no?

20 MS. VANN: The whole idea of the market area is
21 get your strata in line so when you do your strata as a
22 whole, your numbers meet their requirements. So why
23 would I have a strata within that market area?

24 MR. KELLER: One of the things that we're looking
25 at, if you look back on page 3 on line 21, it says,

1 "Market areas are large geographic areas subject to
2 similar economic influences." One of the things that
3 is being looked at is to what degree do properties in
4 different strata get exposed to different economic
5 influences even though they might be adjacent to each
6 other geographically, whether there should be a
7 distinction between properties in different strata in
8 terms of them being different market areas, or even
9 whether it should go down to the use code level and
10 properties that have different uses would be regarded
11 as in different market areas. That is something that
12 is being considered, and we're interested in commentary
13 on.

14 MS. VANN: Again, the concept at the beginning
15 said it's properties that share like economic
16 influences. It doesn't say single family that share
17 like economic influences and commercials that share
18 like economic influences. It says properties, and it
19 even says it could be a whole town.

20 So if you put a whole town in a market area
21 because they share like economic influences, then I
22 would think at that market area when I make that
23 adjustment, I make that adjustment across the board for
24 all strata, then when I do my strata reports, those
25 should fall in line. Why would I want to do it

1 different, subdivide it again in those different
2 stratas, and have a different factor for a, quote,
3 market area that's supposed to have the same economic
4 influences? These are just questions. I mean, just --

5 MR. MOBLEY: Well, we're here to take your
6 recommendations. And if your recommendation in
7 response to the question as presented in the discussion
8 paper is no, I mean, you could just --

9 MS. VANN: Mine are questions and comments, not
10 necessarily recommendations.

11 MR. MOBLEY: Okay. Well, just comments because at
12 this point, we don't know the answers to all the
13 questions. That's why they're framed in terms of
14 questions. And so we're here to present the background
15 information and to receive public input on the specific
16 questions outlined, as well as any other comments or
17 recommendations you may have.

18 MR. KELLER: However, I think having said that,
19 it's still fair to say that if properties are in
20 different strata, even though they're in the same town,
21 and that town is a market area, the properties that are
22 in different strata could be -- as a matter of this
23 guideline, they could be regarded as in different
24 market areas. That is a decision point that is being
25 considered for incorporation into this draft.

1 SPEAKER: It could be in a different market area,
2 is that what you said? Is that what -- did I hear you
3 right?

4 MR. KELLER: Yes, the question that this -- if you
5 look on line 5, page 7, is -- the real question there
6 is if you have properties that are in different strata,
7 does that mean they're in different market areas or
8 that they should be placed in different market areas?

9 MS. VANN: That's a question. And you're saying
10 they could be, and what is that based on?

11 MR. KELLER: I'm saying the answer to that
12 question hasn't been decided yet. However, that
13 decision is being considered. We don't know, at this
14 point, what the guidelines should say. However, one of
15 the questions we're asking is do you think they should
16 be in different market areas if they're in different
17 strata?

18 MS. VANN: I guess I'm going back to your
19 consultant who gives you size limits for strata -- I
20 mean, for market areas, and quite honestly, we've got a
21 couple counties in this state that would have trouble
22 getting more than one market area based on those
23 criteria. So --

24 MR. MOBLEY: Well, at previous workshops, the
25 transcripts of which are out on our guidelines Web

1 site, stakeholders have addressed the issue as having
2 an opinion or recommendation that there be different
3 geographic stratification or different market area
4 systems for different property types. That's why the
5 question is here.

6 MS. VANN: Right, and that was a major discussion
7 at the April 2001 meeting, and the feedback from the
8 audience from what the DOR was saying was you've
9 already got our strata, why do we have to do further
10 clarification of that?

11 If you want to do that, that's fine, but I think
12 you need to, as we said then, kind of take the blinders
13 off and quit looking at strata as these seven types.
14 That's just one phase of market areas, and that's not
15 really looking at and opening the window to what market
16 area and economic influence and how that could be used
17 to get equity in a tax roll.

18 MR. MOBLEY: Well, I think earlier commentary that
19 we had here today from Mr. Schultz in Citrus County, if
20 you look at stratum one, it refers to residential
21 property that consists of one primary living unit,
22 including but not limited to single-family residences
23 and condominiums. So his recommendation is even --
24 that within a single DOR stratum, that there be a
25 different system of market areas. So that's another

1 person's recommendation. He's saying --

2 MS. VANN: He's not saying it should be different
3 market areas. He's saying that every condo he has is
4 in an individual market area, not because it's a condo,
5 he put all condos in one market area. He said every
6 one of his condos he assigned a market area to because
7 they were unique under themselves.

8 MR. MOBLEY: Exactly, and then he has a different
9 system of market areas for single-family homes. So
10 that --

11 MS. VANN: Condos are a different animal to begin
12 with. I mean, that's probably not a good scenario to
13 bring into this because they're a different animal the
14 way you appraise them anyway.

15 MR. MOBLEY: Is there any additional comments or
16 recommendation on this section we've just covered from
17 line 5 through line 20 on page 7?

18 Okay. There being no additional comment, we will
19 continue with a question presented on lines 22 and 23
20 on page 7: "Should there be a different system of
21 developing geographic units for property groups other
22 than the seven statutory strata?"

23 That's a primary question, and then under that
24 there are several more detailed questions.

25 Line 25, page 7: "What would be the appropriate

1 criteria for determining such groups?"

2 Line 27: "Should these property groups be based
3 on major property types such as single-family
4 residential, residential condominiums, retail, office,
5 industrial, lodging, or any others?"

6 Another question is: "Would the appropriate
7 criteria for determining such groups for geographic
8 stratification vary according to the factors in each
9 county such as property counts, property mixes, quality
10 and quantity of available data, et cetera?"

11 At this time, is there any public comment on the
12 questions covered between lines 22 on page 7 and line 2
13 on page 8? Yes, sir.

14 MR. SADLER: Eldon Sadler. I would just like to
15 ask a question. In as much as this is a workshop, it
16 seems to me that we're going through an awful lot of
17 questions, and of course, everybody here, I guess -- my
18 interest here was to try to learn and to become abreast
19 of what was to take place, and it doesn't seem to me
20 that there's been anything -- we're just continuing to
21 ask a lot of questions. Am I wrong? How is it going
22 to be formulated? You're going to set the questions
23 and concerns and then come back at some later date with
24 a draft of what the proposal is going to be?

25 MR. MOBLEY: Yes, sir. The purpose for holding

1 these public workshops is to receive public comment and
2 in order to focus the discussion of the workshops on
3 the technical issues that are difficult questions that
4 have to be resolved in order to produce market area
5 guidelines, we developed this discussion paper. And
6 the best way to get an answer to a question is sort of
7 to ask the question and for us not to come here with
8 any presupposed ideas as to the answer. And we're
9 trying to get as much input as we can from the
10 attendees at the workshops.

11 MR. SADLER: So like the question that Jan had
12 some discussion on as to whether or not you would have
13 different codes for different type properties within
14 one geographic area, and it seems like to me that
15 there's been -- that was probably discussed at a prior
16 gathering one time before, is that right?

17 MR. MOBLEY: Yes. Some similar issues, similar to
18 the ones that we've presented here today have been
19 discussed at previous workshops. There have been two
20 previous workshops on market areas, and the transcripts
21 from both of those workshops are on the Web site, or if
22 you'd like copies of them, you can -- I think Sharon
23 Gallop, who is in attendance here today, can provide
24 those.

25 MR. SADLER: But there were not any solutions to

1 those, no answers to those questions?

2 MR. KELLER: Right. As of right now, the
3 Department has not prepared a draft of the market area
4 guidelines, and the reason for that is essentially a
5 decision was made to devote all of our resources to the
6 drafting of the real property guidelines.

7 That draft process has taken -- has been underway
8 for over a year, and we presented a draft of the real
9 property guidelines this morning. There is a small
10 part of that that references and talks about market
11 areas. So we have not done anything on market areas,
12 although we've had a number of workshops, and the next
13 step will be to prepare a draft of the market area
14 guidelines.

15 MR. SADLER: Aside from this guy Bob that's come
16 up with all these ideas, you know, is there any state
17 anywhere that has an analytical design of market area
18 codes that works to reach what you all are trying to
19 get to through the Department of Revenue?

20 MR. MOBLEY: There has been some research done on
21 that. The research has not resulted in, at least in me
22 being aware, of any set of guidelines or any specific
23 practices. I have not done my own research, but I do
24 intend to follow up on that.

25 I had an opportunity to speak with a IAAO mass

1 appraisal instructor a couple of months ago, and I
2 asked his opinion on whether we should be looking at
3 having different market area systems for different
4 property types, and his opinion was absolutely, that in
5 his experience that they're -- when he's done mass
6 appraisal modeling and that sort of thing, they take a
7 different approach. So he's one of the individuals I
8 want to follow up on to see if he has any specific
9 experience that he can point us to as an example like
10 you're talking about.

11 MR. SADLER: Well, it seems to me that it just
12 makes sense that you would have to -- you would have to
13 have different codes for different property types. I
14 mean, I don't think that I would want to apply the same
15 statistics to one type property that I would to another
16 and come up with -- you know, the whole problem with
17 all of this is most of the time when a person -- let's
18 just take a real world example.

19 You go out here and you find a sale, and most of
20 the time that property is going to have had some kind
21 of remodeling or something that is done to that
22 particular property when it goes on the market to begin
23 with. But I see where it's all headed to is I think
24 that in the end, the Department would want to apply
25 that same increase in value to every property in that

1 area, which is nonsense to begin with because in the
2 real world, it doesn't make -- it's not that way.

3 I can take you and carry you and show you in my
4 county where the sales that have occurred. In some
5 areas, there's been drastic remodeling done to it. I'm
6 thinking of one right now in Colonial Homes where
7 people went in and two or three of the houses were --
8 all the houses were constructed in the '60s. So now
9 what has happened, some people have went in and
10 remodeled some of these houses, they put them on the
11 market, they sold them.

12 But if you're going to use the market area code,
13 what you're telling me is I've got to come back and
14 apply that same increase in value to every one of those
15 houses in that subdivision. It don't work. It will
16 not work in the real world.

17 So I'm just, you know, curious as to where we're
18 headed with all this. There's so many pitfalls in it.
19 If you had a brand new subdivision and it was put in
20 and every house in it, or say you had 50 percent of the
21 houses or 20 percent or even 10 percent of them sold
22 the next year, or even the next year before anything
23 was done to it, fine and dandy, you can apply that same
24 equation to it. But it seems to me that we're moving
25 into an exact science situation, and you're leaving

1 no -- no opinions.

2 So with that, I'll just -- we'll continue on, I
3 suppose. I'm not sure where we're headed with that.

4 MR. MOBLEY: Thank you. If we can pause for one
5 second.

6 Thank you, sir. I appreciate what you're saying,
7 and I don't think that anyone would advocate increasing
8 the value on properties that's not -- you know, where
9 there's not market support for that.

10 So if I could paraphrase and make sure, you know,
11 we understand what you're saying is that in the
12 situation that you described where properties sell
13 after having been renovated and indicating an apparent
14 significant increase in value, that in some cases, that
15 may be due to changes in the condition or the effective
16 age of the property as opposed to a market-wide or a
17 neighborhood-wide increase in value in that location.
18 Is that what you're saying?

19 MR. SADLER: Agreed, but what you've got is you've
20 got that market area code on every one of those
21 properties within that subdivision, and that's -- in
22 the end, that's where the problem is going to come up
23 because they're going to look, and there that value is
24 over here, and you've got that sale, or you've got that
25 two sales or three sales or five or whatever it might

1 be, but that market area code is going to be applied to
2 all of those structures in that one area because that's
3 what we're doing is we're talking about geographic
4 market area codes, neighborhood codes, or whatever you
5 want to call them.

6 So when that statistical analysis goes in, you've
7 got the sales generated here, and they're going to key
8 off of those sales, and they're going to come back and
9 say, "Oh, sales in that area increased by 30 percent
10 this year" -- or 40 percent or 10 percent or whatever
11 it might be -- "so therefore, why didn't all the other
12 properties in that geographic area increase?" See what
13 I mean? That's the fallacy in the whole concept. So
14 it's going to be very interesting.

15 MR. MOBLEY: Well, I would say that, at this time,
16 there has been no decision made on how to use
17 geographic stratification in the assessment roll
18 evaluation process, but we certainly appreciate your
19 comments, and we will consider that.

20 MR. SADLER: Well, I'm just discussing with you
21 what is already a problem regardless of neighborhood
22 codes. It just has to deal with sale of property,
23 okay?

24 MR. MOBLEY: Okay.

25 MR. KELLER: Thank you.

1 MR. MOBLEY: Does anyone else have any additional
2 comments on the information presented between lines 22
3 on page 7 and line 2 on page 8 of the market area
4 discussion paper?

5 There being no additional comment, we will
6 continue, beginning on page 8, line 4. This section
7 will go from line 4 down to line 23, and it starts out
8 with a primary question, and then there are six more
9 detailed questions. I'll review those, and then we
10 will have -- take additional comment on this section.
11 Line 4: "What are the important considerations for
12 applying geographic stratification to single-family
13 residential property?"

14 MS. VANN: Can I stop you there?

15 MR. MOBLEY: Yes.

16 MS. VANN: Isn't that answering the question on
17 page 7, line 22 and 23?

18 MR. MOBLEY: No, I certainly don't perceive that,
19 and it wasn't intended to answer that question.

20 Continuing with line 7 on page 8. Question one,
21 "Should geographic stratification for single-family
22 homes be developed differently than that for
23 residential condominiums or multi-family property?"

24 Line 10, "If sales comparison models are being
25 used, should market areas be large enough to provide a

1 sufficient number of sales for modeling by market
2 area?"

3 Line 13, "Should market areas be large enough to
4 provide a sufficient number of sales for assessment
5 role evaluation methodologies by market area?"

6 Line 16, "Should market area boundaries be
7 delineated in a way to avoid having similar properties
8 on adjacent sides of a boundary?"

9 Line 19, "Should market areas be as small as
10 possible, subject to sale data requirements and
11 boundary issues, in order to address market variation
12 in as much detail as possible?"

13 Line 22, "Should neighborhoods be defined as areas
14 having very similar improvements and very similar land
15 values, subject to parcel specific variation?"

16 At this time, would anyone like to make public
17 comments on the questions covered on lines 4 through 23
18 on page 8? Does anyone -- yes, sir.

19 MR. HARVEY: Keith Harvey, Santa Rosa County.
20 I've got two questions that burned on me all the way
21 through this thing, and I'm going to pull them out, and
22 I just hope that in future meetings you all can address
23 the two questions.

24 The first question would be do you anticipate that
25 DOR will ultimately intend to dictate market areas or

1 segmented markets within that market area? And the
2 second question would be based on a yes to that, then
3 would it be DOR's intent to possibly reject the roll
4 based on their opinion that you should have a different
5 market area or different segmentation than what you
6 believe might be correct?

7 And the reason I'm asking that -- and this is
8 general commentary, I don't care if this gets into the
9 notes or not -- is that in Santa Rosa County, for
10 instance, we might deem that the entire county be a
11 market area, and then take a couple of cities within
12 the entire county as being submarkets or neighborhoods,
13 then further break it down possibly into the strata.
14 But at the same time, if DOR was to say, "No, we don't
15 see it that way. We think you ought to have several
16 market areas, and then within that, several submarket
17 areas, and then within that, the substrata, or this,
18 that and the other," and it gets into several of the
19 questions that are mentioned in this list of questions,
20 are you going to have adequate sales data, are you
21 going to have adequate properties within there to make
22 a reasonable grouping, those kinds of issues.

23 So I see what you all are dealing with, you're
24 dealing with trying to set up rules and such for future
25 use. At the same time, we don't know the questions to

1 ask because we don't have anything to go on right now.

2 MR. MOBLEY: Well, that issue you're talking
3 about, where to start this --

4 MR. HARVEY: Yes, sir.

5 MR. MOBLEY: -- where to start. Well, the -- in
6 my assessment of dealing -- problem solving through the
7 years, the first step is to figure out the right
8 questions. And hopefully within this document is
9 listed the right questions.

10 If there aren't any -- if there are additional
11 questions that are relevant that aren't here, then we
12 will take that as public comment and have that as a
13 question that needs to be on the list of things that
14 needs to be resolved in developing the guidelines.

15 In terms of answering those specific questions,
16 that gets into a legal thing, and my colleague here,
17 Mr. Keller, could perhaps respond.

18 MR. KELLER: Well, I'll take you up on your offer
19 that we address this at a later workshop. Those are
20 good questions, and I don't think we're here to provide
21 answers to that type of level of question at this
22 juncture. It's still too early in the drafting process
23 to see exactly what these guidelines are going to look
24 like, although what you see here in terms of questions,
25 you know, each question has two different -- two

1 answers, and so it is possible that they'll all be
2 answered yes, possibly some of them will be answered
3 yes and some no.

4 MR. SADLER: Can I ask a question?

5 MR. KELLER: Yes.

6 MR. SADLER: When are these to take effect? I
7 know these are going to be completed in December of
8 2003, or be submitted. So then will it be in effect
9 for the 2004 tax roll?

10 MR. KELLER: I think that's the current time line
11 right now is that the 2004 tax roll would be evaluated
12 based upon -- or tested with respect to market areas.
13 However, there would be a period of time during 2003 to
14 get counties into the idea of using them and get used
15 to using market areas.

16 MR. SADLER: Okay. We wouldn't really know what
17 the guidelines -- what the final guidelines are until
18 December of 2003?

19 MR. KELLER: Well, the current goal, what we just
20 read at the beginning of this workshop, was that they
21 were going to try to get these fleshed out by the end
22 of this year.

23 MR. SADLER: By the end of this year?

24 MR. KELLER: Yes.

25 MR. MOBLEY: No, we didn't say that.

1 MR. KELLER: You didn't say that?

2 MR. MOBLEY: We said 2003. That's what's in our
3 action plan.

4 MR. KELLER: Okay. I'll stand corrected by what
5 Al says.

6 MR. SADLER: So we get them in December, and then
7 we've got January 1st lien date, and they're going to
8 use them on the 2004 tax roll approval that we submit
9 in July?

10 MS. VANN: Or are we going to get more than one
11 tax cycle to come into compliance?

12 MR. MOBLEY: I don't believe -- I could be wrong,
13 but I don't believe that they would -- the guidelines
14 would come out in December and you'd have to submit a
15 roll with that guidelines, you know, six months later.
16 It's my understanding there would be a year or so, an
17 additional year, for implementation, for coding, and
18 research.

19 MR. SADLER: So actually, we could look to 2005 of
20 being -- it all being on the roll and to be submitted
21 and everything?

22 MR. MOBLEY: That's my understanding. David, do
23 you --

24 MR. BEGGS: I don't have the document with me, but
25 I think that's correct.

1 MR. MOBLEY: I believe that's what's currently in
2 our plan.

3 MS. VANN: Some of the 2004 in-depth counties will
4 be -- they will utilize whatever the standards are for
5 their roll approval?

6 MR. KELLER: Right, it's on page 3. There is
7 testing being envisioned in terms of diagnosing the use
8 of market areas, and the time line is set forth there
9 on page 3.

10 MR. SADLER: I think it makes more sense for it to
11 be for the 2005 tax roll. You have to have some time
12 to the guidelines.

13 MR. MOBLEY: Yes, I agree with that. The research
14 and the coding that would need to be done, especially
15 for a lot of counties that have an up and running GIS
16 system or some type of electric mapping, the coding
17 process, you know, could be done probably in a matter
18 of a few weeks, but -- and the good thing is that the
19 counties that probably don't have an active system like
20 that are probably the counties with smaller parcel
21 counts.

22 So it's something that should be doable within a
23 year, but at least that's my understanding of where
24 we're headed. If you -- will we be able to put that
25 out with -- more definitive at some point?

1 MR. KELLER: Yes.

2 MR. MOBLEY: That's our current understanding is
3 that there would be at least a year in between the
4 completion of the guidelines and the next roll where
5 they would be evaluated based on that.

6 MS. VANN: One more question just for clarity.
7 We're having this workshop, you're having one in July,
8 and on page 3 it says between April 2002 to June 2003,
9 you'll have -- be having multiple workshops. Do you
10 have any feel for how many and how often, and once
11 you've developed what you feel is, quote, "close to the
12 final draft," will we have the ability to have input
13 into something that we just totally disagree with, or
14 will it be something like this where we make comments
15 and we don't know where they go from there?

16 MR. MOBLEY: There will be a multi-stage process.
17 There will be multiple drafts of the document, and
18 there will be opportunity for public comment and input
19 on every single draft of the document as it goes
20 through the process. There will not be a shortage of
21 opportunity for public comment and public input.

22 Having said that, we have 67 counties with 67
23 opinions of how things -- how the document should look,
24 but yet we're going to have to have one document, and
25 we can't guarantee that everyone is going to like

1 everything that's in the final document.

2 But it's my understanding, and I believe we will
3 have several additional workshops, as far as the timing
4 for a draft and the next workshop after these ones this
5 summer, I would anticipate January, but we will be
6 going into a cycle after this summer and other
7 projects, and plus, we need to get a draft of market
8 area guidelines developed, and that would be the next
9 stage.

10 We wanted to have these workshops now based on
11 this discussion paper and these detailed questions
12 listed to get as much input as possible to make sure
13 that there's nothing out there in addition to the input
14 we've already received in writing from the previous
15 workshops that we need, and get as much as possible in
16 now and consider all that in developing the initial
17 draft of the guidelines, and then we will go beyond
18 that. There will be multiple workshops and multiple
19 drafts during 2003. So everyone will have, I believe,
20 ample opportunity for verbal and written comment and
21 input throughout the process.

22 MR. KELLER: Can I also say, though, that January,
23 that is contingent, I guess you could call it, that
24 none of these dates are definite. We may have a
25 workshop earlier in the fall of this year for the

1 reason that with the real property guidelines draft
2 going through the process, that does have some linkage
3 to these guidelines, these market area guidelines. And
4 for that reason, it's important to have somewhat of a
5 pretty good idea of what these guidelines are going to
6 be prior to us finalizing the real property guidelines.
7 So they are somewhat linked.

8 MR. MOBLEY: At this time, does anyone have any
9 additional comments on the questions covered from lines
10 4 through lines 23 on page 8 of the market area
11 discussion paper?

12 There being no additional comment, we'll move
13 along to the next series of questions beginning on line
14 25 of page 8. Question, "What are the important
15 considerations for applying geographic stratification
16 to improved commercial property?"

17 And then under that, we have six more detailed
18 questions. Question one, "Should geographic
19 stratification for improved commercial property
20 (including multi-family and industrial) be developed
21 differently than that for residential property?"

22 Number two, "Should improved commercial market
23 areas be based on corridors along traffic arteries?"

24 We're now at the top of page 9, question 3,
25 "Should improved commercial market areas be based on

1 specified use code groups applied county wide?"

2 Question four, "Should improved commercial market
3 areas be based on clusters of commercial uses of a
4 particular type?"

5 Question five, "What are the important
6 considerations for using improved commercial market
7 areas for mass appraisal applications?"

8 And question six, "What are the important
9 considerations for using geographic stratification of
10 improved commercial property for ratio studies and
11 other assessment roll evaluation methods?"

12 At this time, are there any public comments on the
13 section beginning on line 25 on page 8 and ending on
14 line 12 on page 9? Should we take that as a comment?

15 MR. SADLER: Well, some of the questions are yes,
16 and some of them are no.

17 MR. MOBLEY: Please share your thoughts. That's
18 why we're here. Whatever input you would have, we
19 would love to -- we'd like to take that now.

20 MR. SADLER: I would say that number one is a
21 definite yes, and it's almost a yes on two.

22 MR. MOBLEY: Almost a yes, okay. That's a new
23 category.

24 MR. SADLER: Number three, I don't really know
25 what they're asking there, use code applied county

1 wide.

2 MR. MOBLEY: That was probably one of Mr. Keller's
3 questions.

4 MR. SADLER: Well, Mr. Keller, if he would -- if
5 he would explain that, I --

6 MS. VANN: I think they're saying do you want
7 every Jiffy Food Store county wide in the same market
8 area.

9 MR. MOBLEY: Exactly.

10 MR. SADLER: Is that what you're asking?

11 MR. MOBLEY: For example, one of the
12 recommendations that came out at previous workshops or
13 written comments somewhere was that in some cases,
14 there -- should there be -- let's say for a particular
15 use code, a certain type of shopping center, should the
16 market area be that use code applied county wide is the
17 question.

18 MR. SADLER: Gas stations. I don't think you
19 could do that, not in -- you might have high volume
20 commercial property in one area and not in another
21 area, that's -- I see that as it would create a
22 problem.

23 You might could do number four. So many
24 variables. You know, you might have a shopping center
25 on one end of town that's doing really, really well,

1 rents are going really, really good; the other end,
2 they may be on the verge of converting it into some
3 type of housing project where they go in and they call
4 it, you know, it's a blighted area, and they go in and
5 build apartments on top, and they create their own
6 ready market for people down below that puts in the
7 little shops. That's happened in a lot of places
8 throughout the country on shopping centers that are,
9 you know, defunct. So they come in and they revitalize
10 them by doing that. So --

11 MS. VANN: Al, again, as a point of clarification,
12 you mentioned that these questions have come up from
13 other meetings we've had and other comments that have
14 been made. What I think would be very beneficial, and
15 I would love to have, and I'm sure other people in the
16 room would like to also, is this same document created
17 but with all the comments you've received in writing
18 attached to it so we have something to review and come
19 up with a more informative answer back to you all with.

20 MR. MOBLEY: We can do that. Anyone that would
21 like copies of the written comments that have been
22 submitted on market areas, Sharon Gallops can provide
23 copies of those to you.

24 We haven't had -- I don't recall us having many
25 written comments on market areas and that sort of

1 thing. Most of the information -- well, a lot of the
2 information was presented in the public -- two previous
3 public workshops, and those transcripts, you know,
4 which is from the court reporter, everything that was
5 said at the meeting, is on the Web site, and you can
6 easily download those.

7 I don't mean to imply that every question here is
8 the result of something that's been submitted in
9 writing or that has been mentioned at a public
10 workshop. A lot of these, or some of these questions,
11 at least some of them, are questions that came in my
12 mind as I was looking at what happened at workshops,
13 issues that were discussed. And sometimes you look at
14 a particular question or a particular issue, and you
15 start thinking about it, and then you apply it to a
16 situation in your own experience, and then all you get
17 is more questions and more questions and more
18 questions. And that's sort of, you know, how this was
19 derived.

20 So you can certainly have copies of anything
21 that's been submitted that's in the public record on
22 that, but that doesn't mean to imply that every single
23 issue in here necessarily came from that.

24 We've got -- let's see. Did we get our expert
25 opinion there on number four? You said we might could

1 do this. Is that our Taylor County expert?

2 MR. SADLER: Well, I'm by no means any kind of
3 expert, but I think I will compliment you if you came
4 up with those questions. You're right on target
5 because those are everyday things that appraisers are
6 faced with throughout the State in trying to have
7 equity in tax rolls, super questions, are things that
8 folks as a general rule don't think of, and I
9 compliment you on that. They're difficult questions.
10 They're hard questions to answer.

11 MR. MOBLEY: Thank you for the kind words. It
12 might seem that the answer to a lot of these questions
13 will depend on the situation, and that will be the
14 challenge in writing this document as we recognize that
15 there will have to be flexibility in this document
16 because we're talking about one document that has to
17 apply to Florida's 67 diverse counties and diverse
18 markets and geographic situations and combinations of
19 property types and that kind of thing, but we certainly
20 appreciate the comment there.

21 Question five, "What are the important
22 considerations for using improved commercial market
23 areas for mass appraisal applications?"

24 Question six, "What are the important
25 considerations for using geographic stratification of

1 improved commercial property for ratio studies and
2 other assessment roll evaluation methods?"

3 Have we received any comments from Franklin
4 County?

5 SPEAKER: You don't want to know.

6 MR. SADLER: Definitely is an important
7 consideration because you can find yourself in a world
8 of trouble if they're not stratified in the correct
9 manner when they start to do a ratio study. You can be
10 in --

11 MR. MOBLEY: At this time, are there any
12 additional public comments on the information covered
13 on -- between lines 25 on page 8 and line 12 on page 9?

14 There being no additional comment, we'll move on
15 to the next series of questions. Beginning on line 14
16 on page 9, the primary question in this section is:
17 "What are the important considerations for applying
18 geographic stratification to land analysis?"

19 Question one, "Should geographic stratification
20 for single-family lots be the same as for improved
21 single-family property?"

22 Question two, "Should geographic stratification of
23 commercial land be based on corridors along traffic
24 arteries?"

25 Question three, "Should geographic stratification

1 of commercial land be based on clusters such as central
2 business districts?"

3 Question four, "Should stratification of
4 industrial land be based on corridors or on clusters
5 such as industrial subdivisions or parks?"

6 Question five, "Should geographic stratification
7 of commercial land differ from that of commercial
8 improved property due to the potential wide array of
9 different commercial improved property types within a
10 commercial land corridor?"

11 At this time, are there any public comments on the
12 questions listed on page 9 between lines 14 and lines
13 31?

14 There being no comment on the issues addressed
15 between lines 14 and line 31 on page 9, we will
16 continue at the top of page 10 with the final section
17 of this discussion paper. This section is entitled
18 "Considerations and Tools for Implementing Geographic
19 Stratification."

20 The first subsection begins on line 7 with the
21 primary question, "What are the important
22 considerations for determining the boundaries of
23 geographic units?" "What are the important
24 considerations for determining the boundaries of
25 geographic units?"

1 We have five more detailed questions under this
2 subsection. Question one, "Should the boundaries of
3 geographic units be based on natural features such as
4 rivers and oceans?"

5 Question two, "Should the boundaries of geographic
6 units be based on manmade features such as major
7 streets, expressways, subdivisions, canals, changes in
8 property type, changes in the quality of real property
9 construction, and changes in the quality of real
10 property maintenance?"

11 Question three, "Should the boundaries of
12 geographic units be based on legal boundaries such as
13 future land use classifications, zoning
14 classifications, school districts, census tracts, city
15 limits, and county lines?"

16 Question four, "Would the correct answers to
17 questions one through three above depend on the
18 property type involved?"

19 And question five, "Would the correct answers to
20 questions one through three above depend on the
21 geographic unit involved," meaning whether we're
22 talking about market area, submarket area, neighborhood
23 or corridor. This section is really getting to the
24 heart of --

25 MS. VANN: Aren't you questioning your

1 consultant's description of what these areas are?

2 MR. MOBLEY: We're questioning everything. At
3 this point, we're questioning everything. If that's --
4 if that helps, we're questioning everything.

5 MR. SADLER: I'm glad of it. It's important.

6 MR. MOBLEY: That's the way to go through this
7 process and to have it be an open public process and to
8 start with questioning everything. That's the basic
9 process that we're going through.

10 Are there any comments or recommendations on the
11 questions presented between lines 7 and 25 on page 10?
12 I know Franklin County must have some answers.

13 SPEAKER: I'll write them up for you next time.

14 MR. MOBLEY: Final call for any public comments on
15 the questions presented between lines 7 and 25 on page
16 10. Has Taylor County run out of answers?

17 MR. SADLER: Taylor County didn't have any real
18 answers to begin with, but I'll tell you what, there's
19 some superior questions that need to be addressed
20 before we get locked into something. I mean, it's bad
21 news. We're going to have to get David Beggs to come
22 to Taylor County to put all mine in.

23 MR. MOBLEY: We'll take that as a comment.

24 There being no additional comments on the
25 information presented between lines 7 and 25 on page

1 10, we'll move on to the next section.

2 Beginning on line 27 of page 10, primary question,
3 "What are some useful tools for implementing geographic
4 stratification? Useful tools for implementing
5 geographic stratification may include items such as
6 CAMA systems, Geographic Information Systems, and
7 appraiser knowledge of local markets. CAMA system
8 programs may be used to populate data fields with codes
9 for geographic units such as market areas or
10 neighborhoods. Then, the CAMA system may be used to
11 store these data, and to run analysis reports and
12 valuation programs based on these geographic unit
13 codes.

14 "Once decisions are made regarding potential
15 boundaries of geographic units, GIS may be used to
16 efficiently implement the required coding on the
17 appropriate parcels. GIS may be used to highlight a
18 group of parcels on a map and then generate a list of
19 identification numbers for the highlighted parcels.
20 Then, the desired geographic unit codes for each parcel
21 may be programmatically placed in the appropriate data
22 fields in the CAMA system.

23 "The local knowledge of field personnel can be an
24 invaluable tool for determining the boundaries of
25 geographic units, especially for neighborhoods."

1 At this time, we'd like to take any public comment
2 or questions on the information just covered between
3 lines 27 on page 10 and line 11 on page 11.

4 MR. HARVEY: One last comment, Keith Harvey, Santa
5 Rosa County. I think you guys have got some great
6 potential ideas in here. If there's a way that the DOR
7 can minimize the black and white rule part of this, yet
8 incorporate a lot of this in as recommendations or
9 potential avenues to help set up the market areas and
10 the various submarkets and things like that, I think
11 this has got a lot of potential.

12 I think you guys recognize if you try to dictate
13 everything that's in here and answer every one of these
14 questions with a black and white answer, out of 67
15 counties, you will consistently have wrinkles. You
16 can't do it.

17 So if anything, I would recommend the document
18 that has maximum flexibility. It's better for you all,
19 it's better for the counties, you will probably have
20 less resistance from the property appraisers. At the
21 same time, you can help.

22 I mean, I think most counties would welcome your
23 assistance in laying out some of this. But to dictate
24 it in a document, it's going to be very difficult
25 because you've got some counties where the physical

1 features might work, you've got others where it won't,
2 you've got some counties that have plenty of commercial
3 growth where you can do some things along corridors and
4 all, you've got others that don't. There's no way you
5 can build a document that will equally take care of the
6 needs of 67 counties. Good job. I hope you all
7 accomplish what you're aiming for.

8 MR. MOBLEY: Well, we will, and we're all going to
9 do a good job, all the stakeholders and the Department
10 of Revenue, we're going to work together, and we're all
11 going to do a good job, and that's our official story.

12 Any additional comment on this section? Does
13 anyone have any other ideas on useful tools or analysis
14 techniques for implementing market areas and
15 neighborhoods?

16 There being no additional comment on the
17 information presented between lines 27 and -- on page
18 10 and line 11 on page 11, we'll now move to the final
19 note on page 11, lines 16 through 18, which states as
20 follows: "Remember geographic stratification is an
21 evolving issue in the State of Florida, and all Florida
22 stakeholders are encouraged to participate in this
23 evolution." And there will be multiple opportunities
24 between now and promulgation of the market area
25 guidelines for public comment and participation.

1 Mr. Keller, do you have additional --

2 MR. KELLER: Closing comments?

3 MR. MOBLEY: Yes, sir.

4 MR. SADLER: We've got your solution. The expert
5 from Taylor County came up with the perfect solution to
6 all of this.

7 MR. MOBLEY: We eagerly await.

8 MR. SADLER: -- statute that mandates this.

9 MR. BEGGS: Take that under advisement until 2010.
10 You'll be retired by then anyhow. We'll see you.

11 MR. MOBLEY: Thank you.

12 MR. KELLER: Okay. Thank you all for going
13 through the document. I just want to draw everybody's
14 attention before we leave to the Web page address.
15 There's a piece of paper in the front of this room that
16 you can take with you that has the Web page address
17 across the top here.

18 The next draft of the discussion paper and any
19 early drafts of the guideline will be placed on the Web
20 site for everyone to access.

21 MR. MOBLEY: I don't know if everyone has a copy
22 of this document. Has everyone gotten a copy of this?
23 Earlier today when we had the discussion on the
24 appraisal guidelines and the issue of geographic
25 stratification came up, the Honorable Ken Wilkinson,

1 Lee County Property Appraiser, brought copies of a
2 document entitled "Commercial Market Districts and
3 Submarket Areas in Lee County, Florida," and we're
4 taking this document today in the public record as
5 public comment.

6 It appears to give some background information on
7 Lee County, and then it goes into a short narrative
8 description of each of nine commercial market areas
9 that have been developed in Lee County, and then it has
10 a narrative description of what commercial market areas
11 mean and how they were developed on an overall basis,
12 and apparently some discussion of how they're used in
13 the appraisal process.

14 And there are several -- there's a small GIS map
15 of the county depicting the boundaries of each of the
16 commercial market areas, and then there's some
17 additional maps and supporting material on the use of
18 commercial market areas in Lee County.

19 MR. HARVEY: Al, did you say there are copies of
20 that up there?

21 MR. MOBLEY: Yes, there should be a box here
22 somewhere. If anyone would like a copy, Mr. Wilkinson
23 left several copies for any interested parties to get a
24 copy if they'd like. That's all I have, Steve.

25 MR. KELLER: On behalf of the Department, I'd like

1 to thank each of you for taking time to be here and
2 making your comments and concerns known. We sincerely
3 appreciate your comments. It is invaluable to the
4 Department to have this kind of participation from
5 Florida stakeholders so that together we can work
6 towards a common goal.

7 I can assure you that we will do our best to
8 address the concerns that have been presented here
9 today, and the comments, within the current statutory
10 and administrative provisions.

11 Thank you again for coming here today. We
12 appreciate your attendance, and this concludes this
13 workshop.

14 MR. MOBLEY: Thank you.

15 (Whereupon, the workshop was concluded at 3:24
16 p.m.)

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1 C E R T I F I C A T E

2 STATE OF FLORIDA)

3 COUNTY OF LEON)

4 I, MARLO D. FARNSWORTH, Certified Shorthand
5 Reporter at Tallahassee, Florida, do hereby certify as
6 follows:

7 THAT I correctly reported in shorthand the
8 foregoing proceedings at the time and place stated in the
9 caption hereof;

10 THAT I later reduced the shorthand notes to
11 typewriting, or under my supervision, and that the foregoing
12 pages 3 through 64 represent a true, correct, and complete
13 transcript of said proceedings;

14 And I further certify that I am not of kin or
15 counsel to the parties in the case; am not in the regular
16 employ of counsel for any of said parties; nor am I in
17 anywise interested in the result of said case.

18 Dated this _____ day of _____, 2002.

19

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21

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MARLO D. FARNSWORTH

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Court Reporter and Notary Public

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25